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RUCPDOC/DEPT OF COMMERCE WASHDC
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RHMFIISS/HQ USCENTCOM MACDILL AFB FL
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C O N F I D E N T I A L SECTION 01 OF 04 NEW DELHI 000130

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SUBJECT: FM ASO INVIGORATES THE INDO-JAPANESE RELATIONSHIP

REF: 05 NEWDELHI 9295

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Classified By: PolCouns Geoff Pyatt for Reasons 1.4 (B, D)

¶1. (C) Summary: Japanese Foreign Minister Taro Aso's January 3-5 visit to New Delhi sent clear signals to the GOI that Tokyo wants to work past nuclear differences and build a closer strategic relationship with India. Within Japan, the Indians say, Aso has been a primary proponent of better ties with India, and chose India for his first Asian visit after taking over the position of Foreign Minister in November

¶2. 2005. Buoyed by PM Koizumi's visit to New Delhi last April and close cooperation on the UNSC effort and the East Asian Summit, India and Japan are expanding the boundaries of their relationship to include expanded high-level talks on nuclear issues, senior defense exchanges and a future Comprehensive Economic Partnership Agreement. The GOI assesses that Tokyo's traditional non-proliferation thinking is changing and hopes India can transcend the nuclear obstacles to build a tighter Indo-Japanese relationship. We should continue to encourage this process, and look for ways to consult in a trilateral format. End Summary.

¶12. (C) An early proponent of India's economic, technological and military potential, Japanese Foreign Minister Taro Aso has had a long romance with India. Taro has been courting India since 2000, Japanese DCM Ryoichi Horie observed to us, and was instrumental in convincing former PM Mori and Koizumi to visit in 2000 and 2005. Aso visited India in his position as Minister of Internal Affairs and Communications for the first Information and Communications Technology Ministerial Meeting in August 2005. Horie called FM Aso "a central figure to promote India" and a leading contender for the Prime Minister's job. After his 2005 visit to the US, the new FM came to India on January 3-5 for his first Asian trip (Reftel). In a January 4 interview for the "Hindustan Times," Aso commented that he had a "sixth sense" about India back in 2000 and appreciates that both countries "share mutual values such as democracy and free markets."

Through Good Times and Bad

¶13. (C) A key sign that Tokyo is beginning to soften its stance on India's nuclear program is the decision to begin "Joint Secretary/Director General-level Annual Dialogues on Disarmament and Non-proliferation." According to the joint statement, these talks were designed with the "objective of promoting commonalities and enlarging areas of convergence for mutual cooperation in a constructive manner, thereby continuing to the advancement of overall bilateral relations." DCM Horie relayed that there were no concrete discussions about nuclear issues planned for Aso's meetings,

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but both Minister of State for External Affairs Ahamed and National Security Advisor Narayanan explicitly asked for Japanese support for accommodating India in the Nuclear Suppliers Group. After explaining why nuclear proliferation is a tough political issue in Japan, Aso replied that the number of nuclear fundamentalists in Tokyo were decreasing but did not give any specific commitment, Horie noted. He added that key players in Tokyo are changing their views on nuclear cooperation with India, but it will take more work and lots of time to bring the bureaucracy, politicians and public around on this issue.

For Richer or For Poorer

¶14. (C) In meetings with Minister of Commerce Kamal Nath, Aso discussed progress on a Comprehensive Economic Partnership Agreement (CEPA). The two countries have already held three India-Japan Joint Study Group meetings, and the group is expected to present its final report in June 2006. Horie predicted that this report would make a reference to starting the negotiations towards CEPA and reported that Nath is prepared to support moving forward reciprocally to open up the economy for increased trade and investment. Anjun Roy, a member of the Joint Study Group from the Federation of Indian Commerce of Commerce and Industry (FICCI), indicated that India and Japan are looking towards a free trade agreement as the first step in promoting a Pan-Asian Free Trade Zone.

¶15. (C) FICCI's Roy suggested that a CEPA agreement is crucial to promoting greater Indo-Japanese investment and trade, which he called "low and stagnant." As a recent article in "The Hindu" pointed out, India makes up only one percent of Japanese trade, and trade with India comprises one thirtieth of the trade between Japan and China. Deba Mohanty, an Asian analyst at the Institute of Defense Studies and Analysis (IDSA), a government-affiliated think tank, explained that Tokyo's sanctions after India's 1998 nuclear tests prevented increased investment and turned the Japanese business community off from doing business with India. Japan's growing interest in India's information technology

expertise, mining and construction sectors and heavy industrial base have created a renewed interest in the Indian economy. Mohanty added that there are approximately 4,500 IT professionals working in Japan, but the country's aging population and declining birth rate will open the way for a greater demand for Indian workers. The Joint Statement from FM Aso's visit noted that the GOJ began issuing multiple-entry visas valid for three years and plans to "further facilitate visa procedures."

In Weakness and In Stealth

¶6. (C) As a sign of growing security dimension in the relationship, India and Japan "agreed to conduct Foreign

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Minister-level talks with a strategic perspective." DCM Horie noted that Japan's Navy Chief may come to Delhi in February and India's Defense Minister Pranab Mukherjee plans to visit Tokyo in March. IDSA's Deba Mohanty observed that Japan is beginning to play a critical role in India's security calculus. He listed two circumstances drawing the two countries closer together: the rise of China and maritime security. Although Japan and India have strong economic relationships with China, Mohanty stressed that both countries are concerned about their Beijing competitor's growing economic and military might. India also derives benefits from cooperating with Japan for a stronger presence in the Strait of Malacca and South China Sea. As India continues to open its economy and look for energy sources around the world, the safety of Indian ships coming through these waters is paramount, he observed. ODSA's Mohanty speculated that Tokyo is softening its stance on nuclear issues in order to derive the advantages of a closer strategic relationship with India.

Until Death Do Us Part?

¶7. (C) The language in the Joint Statement on United Nations reform and the G4 proposal for Security Council expansion created speculation that the foursome was coming to an end in order for each country to lobby individually for a seat. According to the Joint Statement, "the G4, in their consultations, are seeking to garner as much support as possible from other members States in order to realize the reform of the Security Council." DCM Horie laughed off rumors about the death of the G4, saying that there had been no changes in either country's policy. However, he commented that Aso had tried to dissuade the Germans from tabling a G4 proposal in the General Assembly, but India and Brazil had been persuaded to try again.

Comment: A Match Made in Heaven

¶8. (C) The advantages from cooperation in maritime security, the East Asian Summit, and United Nations Reform, as well as a shared commitment to democracy, are beginning to trump Japan's traditional nuclear-focused objections to closer ties with India. There is a long road ahead on the nuclear issue, but this relationship has gained incredible momentum since Koizumi's visit to India in April 2005 and their effective jousting against China to define the shape of the East Asian Summit. We expect these areas of common interest to continue to grow, many of which overlap with US priorities. Japan and India share many of our views on maritime security. A comprehensive free trade agreement would help open up areas of interest to US businesses. A partnership between Asia's largest economy and its soon-to-be-largest population sends a strong message about the importance of democracy in the region. The US stands to gain from this rapprochement, and

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we should continue to look for ways to encourage trilateral economic, military, scientific and intelligence cooperation.

¶9. (U) Visit New Delhi's Classified Website:
(<http://www.state.sgov.gov/p/sa/newdelhi/>)
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